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FISCAL IMPACT STATEMENT

LS 7334

BILL NUMBER: SB 427

NOTE PREPARED: Jan 7, 2004

BILL AMENDED:

SUBJECT: Utility Deposits.

FIRST AUTHOR: Sen. Broden

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits a utility from terminating residential gas or electric service during the heating season if the customer is eligible for and has applied for emergency energy assistance through: (1) the Division of Family and Children (Division); or (2) any program that bases eligibility on a household income of 200% of the federal poverty level or less. The bill requires, during the heating season, a utility to offer a deferred payment plan for past due amounts and a level payment plan for past due and future charges. It limits the amount of a deposit a utility may charge an applicant for service who has not shown creditworthiness. The bill bases the limit on the lesser of: (1) the estimated charges for providing service, if the applicant has not been a utility customer in the past two years; or (2) the applicant's average charges for the same service provided by another utility during the past two years. It limits the amount of a deposit charged to an existing customer to the lesser of: (1) 50% of past due charges; or (2) two times the customer's average monthly charges. The bill for a customer who receives a disconnect notice for a month during the heating season, limits the deposit to the lesser of: (1) 10% of past due charges; or (2) two times the customer's average monthly charges; if the customer has entered a deferred payment plan.

Subject to the rules of the Division or other program providing energy assistance, the bill also allows a customer's assistance payment to be applied to: (1) past due amounts; and (2) deposits.

Effective Date: Upon passage; July 1, 2004.

Explanation of State Expenditures: This bill will require IURC to conform its current rules and procedures related to the termination of utility service during the heating season, utility deposits, and budgeted payment plans to the bill's requirements. It is presumed that any administrative costs associated with the bill would be absorbed using the Commission's current staff and resources.

Background on IURC and OUCC (Office of the Utility Consumer Counselor) Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2003, fees from the utilities and fines generated approximately \$10.9 M.

Explanation of State Revenues:

Explanation of Local Expenditures: Municipally-owned electric and gas utilities would be subject to the bill's requirements.

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: John Parkey, 317-232-9854.